The 'Mini-President'

Unflappable Flanigan Takes Current Troubles in Stride

By William Greider
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When his name first popped up in the ITT affair, identified as the White House contact man, a murmur of spontaneous, cynical laughter swept over the Senate hearing room.

Peter Flanigan. Sure, who else? When a string gets pulled, Peter Flanigan always seems to be on the tugging end. From Wall Street money man to White House fixer, as one Democratic senator portrayed him, a latter-day Sherman Adams with the aroma of politics and big money.

Peter Flanigan has a patrician cool which insulates him from that sort of talk. His mother was a Busch of the St. Louis beer Busches; his father built a rocky little bank in Manhattan into the nation's fifth largest. Amid the clamor on Capitol Hill for his appearance there, he went fox-hunting. Riding to the hounds across the Virginia green, his horse stumbled and fell and Flanigan chipped a bone in his shoulder.

He remembered the fall: "I looked up at the sky and I thought, 'What else can happen to me this week?'"

With that kind of detachment, he is supremely confident that his current troubles will pass and be forgotten.

"I've gotten, as my wife says, a little leathery," Flanigan remarked. "It's an election year and I note who's making these charges. It's a reflection of the fact that the Democrats can't run against the President on foreign affairs. They're not going to be able to run against him on economic affairs. Now they're pulling out that tired old chestnut

PETER FLANIGAN
. . . on the tugging end

See FLANIGAN, A14, Col. 1

FLANIGAN, From A1

no 'special interest.' If this is the best they can do in making that argument, they're not going to have much to run on in November."

Cloud of Suspicion

Still, his name evokes something special in Washington conversation these days, the mystique of White House power, the suggestion of secret manupulation of the public desicion-making. This cloud of suspicion follows him around, formed by a half-dozen well-publicized controversies and a variety of other lesser incidents.

In fact, however, the cloud still hasn't rained, despite many thunderbolts from his critics. They have collected some compelling circumstantial evidence of Pete Flanigan's ubiquitous influence, but they have not produced hard documentation that he has acted for personal gain or to deliver a political "quid pro quo" in return for GOP campaign funds. They are still trying.

Sample Stories

Some of their stories run like this:

Henry Ford calls at the White House to complain and Peter Flanigan puts an abrupt halt to the Department of Transportation's plans to require airbags as an automotive safety device.

Anaconda Copper's president, who is also vice-chairman of Chase Manhattan, squawks to Flanigan about the Environmental Protection Agency's position on Montana's state air pollution standards; Flanigan's phone call gets EPA to retract with alacrity.

The top executives of American and Western Airlines, backed by such financial clout as Prudential Life and Bank of America, want to merge, so they call on Flanigan, though the issue must go before an independent regulatory agency, the Civil Aeronautics Board. Flanigan tries to mobilize a pro-merger position for the administration, even before the CAB has heard the case.

There are other episodes along similar lines. The common thread is the conflict between the public and private decision-making. The public and, usually, the press watch the formal structure which is out front, the laborious process of the hearings and briefs and highly regularized procedures for federal rule-making.

Private Channels Cited

Behind that are private channels for pleading one's case.

Thus, for instance, the Senate hearings on ITT may not have proven the "quid pro quo" charge—that the giant comglomerate gave money to the Republican Party in exchange for a favorable antitrust settlement. But the Senate testimony has richly illusrated that there was an elaborate series of private top-level contacts between the corporation and the government officials, including private economic rationales for the setlement, which were never part of the public record when the Justice Department originally explained its disposition of the lawsuits.

Likewise, Flanigan's private forum for businessmen's grievances is not usually reported. The White House staff is shielded from congressional scrutiny by executive privilege. Yet as the sprawling federal apparatus has grown more complex and powerful, so has the White House staff which attempts to guide it in the President's behalf.

As Viewed by Nader

Ralph Nader, who is one of Flanigan's harshest critics, described the institutional problem in an interview long before the current controversy:

"Basically, the institution of the presidency is obsolete and we cannot face up to that. We seem to be unable to face up to the fact that a single human being is like a gas tank—you can only put so much gas in it . . . there is a finite level at which you are no longer getting the kind of minimal response that the country deserves to get from the individual that's elected.

"So you get creatures like the 30 Flanigans around Mr. Nixon, who are really the mini-Presidents. Mr. Nixon isn't the President when it comes to consumer and environmental affairs in the White House," it's Flanigan. Flanigan's the President."

Nader exaggerates. Only three or four other men around President Nixon

have the power and access of Flanigen. But the "mini-Presidents" do have extraordinary capability, though unelected and essentially unaccountable to anyone but the man himself.

Over the years, the President's men have been endlessly romanticized, especially by liberals. Countless fakes portray White House assistants dramatically intervening deus ex machina, to right some governmental injustice or to unsnarl bureaucratic bungling. That is the way Peter Flanigan sees his job too.

"I believe," he said, "that when people petition their government to redress a wrong, exercizing their constitutional right, it is my responsibility to find out whether there has been a wrong and, if so, attempt to redress it."

The accusation and debate begin there, over questions of propriety and the appearance of propriety. When is it wrong for the private counselor to exercize his influence? Or when is his intervention the very model of responsive government? Those distinctions are much more blurred than the righteous denunciations of Flanigan would suggest. The interplay of public private pleading is not all that unique.

In the American-Western merger case, for instance, the opposing airlines denounced the elaborate "ex parte' efforts which were made to cement the deal: visits with Flanigan, with Justice and Transportation, with Secretary of Treasury John Connally (who ostensibly had no voice in the issue), even a private meeting with CAB members themselves. Continental Airlines sent a "truth squad" around behind them to tell their side. They missed Flanigan and Connally.

How could anyone expect a fair and full hearing before the CAB, the opposition lawyers asked, if these other private, informal "hearings" were going on all over town? At the least, they argued these private pleadings should be forced into the public record.

But Flanigan's former assistant, Daniel Hofgren, found it ironic that any of the airlines should complain about ex parte proceedings. "It's pious talk, but they all live in glass houses," he said. Indeed, every major airline involved in the merger fight reportedly came by Flanigan's office sooner or later to express all points of view.

Ruled Against Merger

Despite Flanigan's alleged influence, the CAB examiner has ruled against the merger and the Justice Department has opposed it.

The high-powered clash of interests comes naturally to Flanigan, who grew up in Manhattan and Purchase, N.Y., amid comfortable wealth. His career as a top executive of Dillon Read, the prestigious investment-banking firm, put him at the center of Wall Street and he is hardly awed by the big corporate names. Many of them are old friends or former associates in business ventures, a fact which aggravates the suspicious no end.

Flanigan, who is 48, comes from the same small world of wealth as the Kennedys, the Irish Catholic elite. Despite jet-set lives, they remember rather proudly that they are only a couple of generations removed from the potato famine.

Flanigan was a schoolmate and friend of Robert F. Kennedy at the Benedictine prep school, Portsmouth Priory. "I believe I knew Ethel Kennedy before Bobby did," he remembered. "Greenwich. She was a Skakel."

Zest for Outdoors

The Flanigans with five children have that same zest for outdoor adventure. He leads weekend canoe excursions on the Shenandoah and pack trips in the Rockies. His wife, Brigid, is a striking social figure in her own right, the daughter of the late Carmel Snow of Harper's Bazaar.

Like the Kennedy patrlarch, Flanigan's father, Horace, dabbled in Democratic politics with his old friends Jim Farley and Ed Flynn. Peter remembers he was the only kid in his Greenwich, Conn., class to wear an Al Smith button. From the family dry goods store in the Bronx, his father went on to lead the bank which ls now Manufacturers Hanover Trust Company. The Amerlcan dream at full throttle.

His son, Peter, was summa cum laude at Princeton, interrupted by Navy flying in the Pacific, then to Wall Street. He has always voted Republican, conservative orthodox. Flanlgan first started campaigning for Richard Nixon in 1959 and helped raise funds for the President's dramatic comback from oblivion. Flanigan likes to understate the relationship: "Since he hasn't fired me, he must think the work I do is of value."

An abundance of Washlngton people have had one or two bruising encounters with Flanigan, the White House assistant, and are apt to use adjectives like abrasive or arrogant even while they concede his brillance. A more charitable description came from a colleague high in the administration:

"He can grasp things very quickly, a tough mind, very energetic. He's a guy who is so lmpassloned in his beliefs that he may or may not be the best guy to bring people together on certain things. He's an advocate and a very good one, while other people are conciliators."

Another admlnlstration official said sympathetically: "I'm sure this Mr. Fixit stuff is driving him wild. A lot of things he is, but that he ain't."

Blunt and Direct

The amblgulty of Flanlgan's role in government comes through most clearly when people describe how they thlnk he operates. From outsiders, who are trylng to follow his footprints through administrative decisions, he ls percelved as sly and elusive, a man who leaves no memos behind. From inside, Flanigan appears quite differently—a man who is blunt and direct, perhaps to a fault.

One Senate investigator for instance, related confidentially that he had inside information that Flanigan met with such-and-so on a specific date to discuss a certain subject. 'Absolutely," Flanigan said briskly, "in fact, I got that committee together."

EPA Admlnistrator Willam Ruckelshaus, who believes Flanigan has been maligned, cited the directness:

"When I was over at Justice, he'd get an inquiry and he would call over right to the lawyer who had the case. It was just an inquiry, but the lawyer would say to himself, 'My God, what kind of a case is this?"

Flanigan doesn't remember making any such calls but he said: "I subscribe to Kleindiest's statement that he and, by inference, they are not in a prophylatic sack which separates them from the White House."

Probably the most elaborate effort to pin down Flanigan's role in an important decision was the lawsuit filed by Ralph Nader's Center for Auto Safety. It alleged that Flanigan had privately blocked Transportation Secretary John Volpe and Highway Safety Administrator Douglas Toms in their commitment to require airbags as a crash-safety device by 1974.

The lawsuit so far has produced only frustration for Nader's side. A federal judge who examined the private communications between the White House and DOT ruled that there was no undue influence on the department's rule-making procedure. He refused to set aside the executive privilege and make the 43 documents?

"If we proved anything," said Lowell Dodge of the auto-safety group, "we proved how impossible it is to get at what actually happened."

At the White House, the quick explanation is the historic one—if Congress or a court could cross - examine the President's advisers, they "by proxy" they could cross-examine the President himself, threatening his co-equal powers.

Beyond that, the White House has argued that having different "brokers" for different constituencies is traditional and roughly representative. Who complains, for instance, if Special Assistant Robert J. Brown uses his influence to get a small business loan for a black-owned enterprise? Or if Virginia Knauer uses her status as presidential adviser to unsnarl a consumer program in one of the department?

"If the bureaucracy is falling on its can," Flanigan said, "and not performing in the interest of the citizen and the citizen petitions his government, including the White House as part of his government, to redress the wrong, then I'm glad when something can be done about it."

But some critics think this theory of equal representation still adds up to democracy for fat cats. The presidential aides, after all, may represent all of the different sectors of society, but they do not have equal clout or access to the President. Mrs. Knauer, who speaks for consumers, has to clear through Mr. Flanigan, who speaks for business, before she can see the President. And how many people have heard of the President's contact man for organized labor? A fellow named George T. Bell.

The closely related question is who gets in to see the White House brokers. Here especially, it is easy for the critics to conjur up a dark picture of Flanigan's operation because he and his staff, after all, do see the important corporate moguls and they do not talk to many welfare mothers.

The new Commerce Secretary, Peter G. Peterson, whose former White House post on international trade has been assumed by Flanigan, wrestled with that question:

"Part of the problem is time. If you saw every citizen, you would just run out of time. I think this is a generic problem. Certain people who are in leadership positions, in every sector of our society, have as a practical matter more access than others. It doesn't meet our democratic ideal, but that's they way it is and I'm afraid the way it will always be.

"If you don't see these

outside leaders, you lose desperately needed 'real world' inputs to your decisions since any bureaucracy can get very inbred. If you saw everybody, you wouldn't have any time to think or even do anything."

That still leaves the troubling questions about whether it is proper for a White House man to intervene in a specific case, when even a simple inquiry may seem like string-pulling.

Ironically, early in the Nixon administration, it was Flanigan who drafted a strong memorandum warning that White House aides must stay away from specific cases before the independent regulatory agencies, such as the CAB, the FTC, or the FCC (Sherman Adams called one of those agencies about its case against his friend). It is permissible only to approach those regulators with general policy questions, Flanigan said.

Avoid Even Appearance

"It is important to avoid even the mere appearance of interest or influence," Flanigan warned. He believes that, in every instance, he has lived up to that memo.

Flanigan, however, makes a distinction which some others do not share. He argues that, while these independent regulatory agencies are shielded from White House inquiries on cases, the executive branch departments which also perform some regulatory functions are not.

Thus, by that distinction, it is improper to approach the FCC about a TV license application, but it is okay to approach EPA about a pollution case. In the Anaconda case, for example, Flanigan heard from John B.M. Place that an EPA man had exceeded agency rules by endorsing Montana air pollution standards tougher than the federal standards. Flanigan passed on the complaint, though he doesn't recall talking to Ruckelshaus.

Ruckelshaus, as he now remembers it, got a call from Flanigan while skiing in Pennsylvania. He, too, regards the inquiry as totally proper, though he can see why people might get the wrong impression.

"He called me up and said Place is raising hell. He said, 'I don't know anything about it, but these guys are in here raising hell.' I said, 'I don't either but I'll find out.'"

Speedy Redress

Anaconda got speedy redress from EPA. A revised EPA statement on Montana standards was telegraphed to Denver and flown to Helena to straighten out the record. The state board went ahead with its tough standards anyway.

The distinctions become murkier still when Flanigan or his staff talk "broad policy questions" with the independent regulatory agencies. The business press has reported, for instance, that Flanigan "turned around" the CAB last year on airline fare increases, which meant several hundred million dollars to the industry.

Both Flanigan and CAB Chairman Secor Browne vehemently deny they have ever discussed such matters as fares, routes or mergers. Yet they do meet irregularly to talk about such policy subjects as the financial condition of the airline industry. If a congressman calls on the CAB to plead for a constituent company, a transcript is kept for public inspection. But no record is available of what a White House man says.

Reuben Robertson, one of those skeptical lawyers who work with Nader, asks the question: "How can you discuss the financial condition of the airlines without discussing the fare structure?"

The short, cynical answer might be: The same way ITT's board chairman discussed the philosophy of anti-trust litigation with the Attorney General without discussing the antitrust suits against his company.